

## **Festive Season Spending Tips**

As we approach the festive season, TV adverts, Internet and Shop front sales are encouraging us to embark on the usual Festive Season practice of “shopping ‘til we drop”

But we also start to brace ourselves for the subsequent financial shock, when the credit card statements land on our email inboxes in the New Year and school fees are due.

Overindulging in food and drink is so often matched by overdoing our spending, with the result that the first part of the New Year turns into a damage repair exercise for our budgets.

Of course, there are a range of things you can do to help turn Festive Season Spending into a financial success rather than financial excess. Here are my top 5 tips:

### **1. Give your mind a holiday by Setting a budget for your Festive season spending:**

Plan your festive season finances early and wisely. Take into account your household income and all of your expenses for both December and January First, then draw up a budget for your festive spending – not just presents, but the additional spending on food, drink and socialising.

Embed this Festive Season Spend element of your budget within the rest of the household budget, so that you can manage the overall effect Christmas spending has on your finances over a number of months.

Don't allow yourself to be pressurised – even by your children or close family – into spending more than you can really afford.

### **2. Use savings and credit wisely**

Make sure you know how your extra spend is going to be financed. Perhaps it means withdrawing funds from a savings account, in which case make sure you access the money from the account paying the least interest.

If you're going to use credit make sure you're use it on credit-worthy items. It's not a good idea to buy Perishables like food and drink on credit because once you're done with them you will be left with nothing but their debt and you will end up paying more than you intended per item due to interest payments.

0% interest in-store credit may also appear to be attractive finance options for gifts and clothing right. Well don't do it! Don't do it unless you've considered the potential pitfalls and also whether you will be able to afford the payments should your financial circumstances change or if you incur and an unexpected expense.

### **3. Plan your shopping and stick your list:**

Shopping on impulse is dangerous. It's easy to get caught up in the festive season shopping hysteria, following the masses and buying because you think you might not get a better

#### **Shop like you're Santa**

Santa is always well-prepared and does his shopping on time, so why don't you? If you are going to shop in-store, consider these rules-of-thumb to reduce Christmas shopping stress and limit the temptation to over spend:

- Make a list of exactly what you need to buy and where to purchase it.
- **Set a time limit on your shopping** - Get in, get it done and get out so you aren't tempted to spend more than you want to.
- **Shop at odd hours** - Take advantage of extended trading hours and go when it's less crowded so you can choose carefully without having to jostle for space.
- **Buy less expensive stuff first** - If you buy larger and more costly items first you can lose perspective on what is a good price, so set your budget, buy small first, and then tackle the big stuff so you stick to your gift budget.
- **Pre-pay** - If you buy online, check if there's an option to pick up in-store. You'll save on freight, skip any lines, and there will be less temptation to buy more.
- **Limit your shopping locations** - Only go to shops that you need to visit so you don't get distracted and impulse buy.

#### 4. Be Creative

and think outside of the gift box. Research gifts options and find gift alternatives that are cheaper in price and more fun. Make a list of who you're buying for, what you want to get them, and how much money you're prepared to spend on each person. Your list could also distinguish between your close and distance relatives – only buying gifts for your closest and making something creative and inexpensive for those more distant.

It's interesting that South Africans love gift cards and vouchers, but too many of us let the funds expire before we use them. Check the expiry date on any gift cards you still have credit on, and consider putting this money towards your Festive Season costs. Every rand of gift card credit you use means you're spending one less rand of your own money. Every little bit helps!

Gift cards can also make good presents for people who are hard to buy for, or if you just don't know what to get them. Giving gift cards at Christmas also means the recipient can use them in the post-Christmas sales

#### 5. Plan for the next Festive Season

Once this Christmas is done and dusted, you should start planning ahead for next year. Some ideas to make sure you are set up for the next festive season:

**Start saving now** - Open a high interest savings account in January and contribute a small amount to it every payday. Saving R100 per week will add up to over R5,000 in a year's time. So, set yourself a savings goal and divide it by 12 to see how much you should be targeting to put away every week. In fact, your Kiddie might know the answer to this game – How do you Eat an Elephant?

**Shop the sales** - Shop for presents throughout the year, especially during sales. This will spread your costs and make them more manageable.

**Layby** - Pre-plan larger gifts and layby them a few months ahead so you can pay them off over time.

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